

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (2/19):**

BUTTER: Grade AA closed at \$1.3400 (+.0575).

CHEESE: Barrels closed at \$1.2950 and blocks at \$1.3300. The weekly average for barrels is \$1.2913 (-.0117) and blocks, \$1.3300 (+.0040).

NONFAT DRY MILK: Extra Grade closed at \$1.0375 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0375 (-.0010) and Grade A is \$1.0500 (N.C.).

BUTTER: The market tone remains unsettled. Producers and handlers have mixed opinions as to the current cash price level. Some would be comfortable if prices would stabilize, while others anticipate lower prices. Current production is building as cream supplies are readily available to local and out of region butter operations. Butter stock levels are reported to be sufficient for current needs. Inventory building varies. Some producers are willing to put additional stocks away for future use with others controlling production and clearing most of their output.

CHEESE: The cheese market is steady. Interest is generally moderate on natural, fair to occasionally good on process. Swiss orders are relatively light as buyers hold off purchases, expecting lower prices after milk prices decline further. Current cheddar offerings are about in balance with orders, aided by rebuilding aging programs. Buyers are more comfortable with normal size inventories at current price levels. Many traders foresee the potential for additional weakness as milk receipts increase seasonally into spring. Cheese production remains well above year ago levels.

FLUID MILK: Milk production patterns across the country are quite strong for this time of the year. Production is building in the Deep South and along the southern tier of states from coast to coast. Low feed costs, good weather conditions, and favorable milk prices are a few factors contributing to strong milk output. In some areas, the unseasonably heavy milk volumes are comparable to past spring flush periods. Many milk handlers are concerned about handling the milk volumes once the true spring flush arrives. One factor that handlers are looking at to ease the pressure at flush time is that producers will probably be culling their herds as they prepare for anticipated sharply lower milk prices. Many producers and handlers see production continuing to increase with little hope of a halt before the actual spring flush arrives.

DRY PRODUCTS: The overall tone to the dry product markets is weak. For those commodities that report a steadier market, the undertone is also weaker. The NDM market has selling prices edging closer to the support price in most regions of the country. Some producers are offering additional discounts for multiple load shipments to clear building stocks. In most areas of the country, powder producers are looking at the possibility of clearing some stocks to CCC.

It has been quite some time since Midwestern and Eastern producers have offered NDM to the CCC. Buttermilk powder markets are unaggressive and the weakest many producers/handlers have ever seen. Stocks are heavier than desired in most parts of the country. Sales of condensed buttermilk are expected to increase in the near future once ice cream production increases. Whey markets are fully steady. Many producers and handlers feel that prices have bottomed out, but most see prices holding relatively steady at these levels. Producer stocks are in a better supply/demand situation.

CCC: During the week of February 15 - 19, 1999, CCC was offered 1,922,416 lbs. of Western produced NDM under the Dairy Support Program, however 99,145 pounds of previously offered NDM were canceled.

JANUARY MILK PRODUCTION (NASS): Milk production in the 20 major States during January totaled 11.7 billion pounds, 3.7% above production in these same States in January 1998. Production percentage changes in the top 5 producing states compared to last January are: CA +4.1%, MN +4.4%, NY +4.7%, PA -2.6%, and WI +4.7%. December revised production, at 11.5 billion pounds, was 3.7% above December 1997. Production per cow in the 20 major States averaged 1,523 pounds for January, 57 pounds (3.9%) above January 1998. The number of cows on farms was 7.71 million head, down 19,000 head (-0.2%) from January 1998 but up 1,000 from December 1998.

DECEMBER FLUID MILK SALES HIGHLIGHTS (USDA, AMS): During December, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.8% above the previous year and 0.1% below November 1998 on an adjusted daily average basis. Sales of whole milk items were 1.4% above the previous year; sales of fat-reduced milk items were 0.3% above the previous year. Total fluid milk sales were higher in the Midwest, Southwest, and Far West, and lower in the Northeast and Southeastern regions. For all of 1998, total fluid milk sales were 0.4% below 1997. For the year, total sales were higher in the Southwest, unchanged in the Midwest, and lower in all other regions.

FEDERAL MILK ORDER MARKET SUMMARY (USDA, AMS): During January, about 9.7 billion pounds of milk were marketed under Federal orders; an estimated 290 million pounds was not pooled due to disadvantageous price relationships. Producer deliveries were about 2.1% more than January 1998, and about 2.2% more than December 1998 on an estimated daily average basis. Milk utilized in Class I products in January was 0.9% more than last year on an adjusted basis. The average blend price was \$17.48, \$3.22 more than last year. Changes in class prices from year-earlier levels were: Class I, up \$3.88; Class II, up \$3.88; Class III, up \$3.02; and Class III-A, up \$1.10.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY FEB 15	TUESDAY FEB 16	WEDNESDAY FEB 17	THURSDAY FEB 18	FRIDAY FEB 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	CME	\$1.2900 (-.0200)	\$1.2900 (N.C.)	\$1.2900 (N.C.)	\$1.2950 (+.0050)	(+.0150)	\$1.2913 (-.0117)
40# BLOCKS	CASH	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	(N.C.)	\$1.3300 (+.0040)
NONFAT DRY MILK EXTRA GRADE	DAIRY	\$1.0375 (N.C.)	\$1.0375 (N.C.)	\$1.0375 (N.C.)	\$1.0375 (N.C.)	(N.C.)	\$1.0375 (-.0010)
GRADE A	MARKETS	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	(N.C.)	\$1.0500 (N.C.)
BUTTER GRADE AA	CLOSED				\$1.3400 (+.0575)	(+.0575)	-----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - February 15 - 19, 1999

THERE WAS NO TRADING SESSION HELD ON MONDAY, FEBRUARY 15, 1999

TUESDAY, FEBRUARY 16, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.2900; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.3000, 1 @ \$1.3100, 1 @ \$1.3150; 1 CAR 40# BLOCKS @ \$1.3500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 17, 1999

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.3275; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.3300, 2 @ \$1.2500; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.0375

THURSDAY, FEBRUARY 18, 1999

CHEESE -- SALES: 6 CARS 40# BLOCKS: 2 @ \$1.3275, 1 @ \$1.3300, 2 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: 2 CARS BARRELS @ \$1.2900; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3000; 4 CARS 40# BLOCKS @ \$1.3300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 19, 1999

BUTTER -- SALES: 23 CARS GRADE AA: 1 @ \$1.3050, 2 @ \$1.3025, 1 @ \$1.3050, 2 @ \$1.3075, 1 @ \$1.3050, 1 @ \$1.3100, 1 @ \$1.3075, 1 @ \$1.3150, 1 @ \$1.3175, 3 @ \$1.3200, 1 @ \$1.3225, 1 @ \$1.3300, 1 @ \$1.3350, 1 @ \$1.3325, 1 @ \$1.3250, 1 @ \$1.4000, 1 @ \$1.3200, 1 @ \$1.3350, 1 @ \$1.3200
BIDS UNFILLED: 29 CARS GRADE AA: 1 @ \$1.3400, 10 @ \$1.3300, 1 @ \$1.3100, 2 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.2950, 1 @ \$1.2925, 1 @ \$1.2900, 1 @ \$1.2875, 1 @ \$1.2850, 1 @ \$1.2725, 2 @ \$1.2550, 2 @ \$1.2500, 2 @ \$1.2200, 2 @ \$1.2100
OFFERS UNCOVERED: 15 CARS GRADE AA: 1 @ \$1.3500, 5 @ \$1.3950, 5 @ \$1.3975, 2 @ \$1.4000, 2 @ \$1.4500

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$1.2950, 3 @ \$1.2900, 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3050, 1 CAR 40# BLOCKS @ \$1.3500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER MARKETS**NORTHEAST**

Premium structures are unchanged. At the February 12 trading session of the CME, the butter close was unchanged at \$1.2825. Despite the unchanged close, the butter market tone remains weak. Most contacts report heavy churning activity and no shortage of butter to meet needs. Buyers are ordering for short term needs as many still think prices could move lower. Retail demand is still hampered by the high prices and is best when featured. Food service orders are steady.

CENTRAL

The market tone is mixed. Some producers feel that current cash prices are probably at stable levels, while other continue to anticipate weaker prices. Heavy cream offerings of the past few weeks have tightened and, in instances, producers are looking for additional cream volumes. Inventories of butter are seasonally low. Again producers have mixed opinions as to the direction they will be taking in the near future as far as stock building. Some are putting small volumes away for future needs, with others clearing current production and unable to build stocks. Overall buying interest is quite good for this time of the year. The Lenten season has now started and upcoming Easter orders are looking quite strong.

WEST

The butter price differentials for Western bulk butter improved from the producer point of view. Bulk butter orders continue to be placed for good volumes for both current needs and for storage for future demand. Inventories are in generally good shape. Print orders are improving as some store brand prices soften. Discussions are taking place for the next holiday demand time frame related to Easter. Cream offerings remain plentiful. Churning activity is slightly heavier. Most feel that this trend will continue through the spring flush.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE
FEBRUARY 12, 1999 CLOSE = \$1.2825

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+2 TO +5	flat TO +3	-4 TO -2 1/2

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
FEBRUARY 13	1.2921 5,740,861	1.2347 9,187,119	1.0363 15,298,377	1.2714 3,719,320	0.1885 7,241,035

Further data and revisions may be found on the Internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

NORTHEAST

CHEESE MARKETS

WEST

Prices are generally higher on natural cheddar and process items; unchanged on Swiss. The market tone is a little unsettled. With prices at the CME moving higher, some contacts wonder if this is just a temporary thing with lower prices still ahead or are increases going to be sustained. Milk supplies are at normal spring flush levels and there is no shortage of milk available to cheese makers. Surplus milk volumes this high are usually seen during the months of May and June. Contacts wonder if milk volumes will hold through the spring or peak now and fall slightly from this point. Most agree that milk output will increase through April or May while farmer pay prices are quite high. Cheese supplies are readily available to meet the slow to fair demand. Retail and food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3250-1.8125
Cheddar Single Daisies	:	1.2975-1.8125
Cheddar 40# Block	:	1.4675-1.6125
Process 5# Loaf	:	1.4950-1.6450
Process 5# Sliced	:	1.5200-1.7450
Muenster	:	1.5050-1.8075
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady on cheddar, irregular ranging from weak to steady on other varieties. Cash cheese prices at the Chicago Mercantile Exchange continue to rebound from their January lows, but some traders feel the current strength may just be temporary. Generally moderate to occasionally good movement is noted on cheddar, and slow to moderate on other varieties. Aging programs continue to absorb good amounts of current cheddar. Current Midwest block offerings are in reasonably good balance with demand. Process interest is steady to occasionally improved, bolstered by food service promotional activity in some markets. Increased local milk receipts have most, if not all, production plants operating on schedules much closer to spring peak levels than normal. In three big cheese producing states in the upper Midwest during January milk production is as follows: Wisconsin was estimated as 4.7% above January 1998, Minnesota was 4.4% higher and Iowa 7.4% more. High Class I and II prices are also impacting production and sales of those products, leaving more milk for manufactured products like cheese.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4825-2.1000
Brick And/Or Muenster 5#	:	1.7950-1.9600
Cheddar 40# Block	:	1.5875-2.1150
Monterey Jack 10#	:	1.7775-2.1400
Blue 5#	:	1.9225-2.4800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6575-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.5400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	FEBRUARY 15 - 19, 1999
BARRELS*	:	\$1.2925 - 1.3125 (NOMINAL)
	:	(\$0.0525) (.0525)
40# BLOCKS	:	\$1.3250 - 1.3550 (NOMINAL)
	:	(\$0.0325) (.0325)

() Change from previous week. * If steel, barrel returned.

Natural and process cheese prices continue to rebound slowly from the low point registered a few weeks ago. Swiss prices continue to falter. The process side of the market remains in the tightest position. Feature activity by fast food accounts is certainly aiding sales activity. Current block cheese remains available and good volumes are entering aging programs. Demand for aged cheese is often going unfilled currently. Mozzarella continues to move very well. Cheese production is again on the increase after a few weeks of up and down activity caused by shifting milk supplies. Surplus milk offerings are increasing.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4550-1.7125
Cheddar 40# Block	:	1.4475-1.5875
Cheddar 10# Cuts	:	1.6375-1.8475
Monterey Jack 10#	:	1.6575-1.8100
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.4800

FOREIGN TYPE CHEESE

Prices for domestically made foreign-type cheese increased for the second week in a row. The market tone is unchanged. Demand for most types of cheese, particularly table cheese, is slow to fair. Supplies range from light to adequate.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6600-2.2700*
Gorgonzola	: 3.2400-5.9400	: 2.3150-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0700-3.1000*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6600-1.9500*
Romano (Cows Milk)	: -0-	: 2.8400-5.0750*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

		BUTTER	: CHEESE
		:	:
02/15/99	14,219	:	108,948
02/01/99	9,830	:	112,216
CHANGE	4,389	:	-3,268
% CHANGE	45	:	-3

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced December 1998 uniform (blend) prices: Federal Order (F.O.) 1 is \$17.29; F.O. 2, \$17.40; F.O. 4, \$17.23; F.O. 36, \$17.71; and Western NY Milk Market Area, \$17.05. During January, milk production in the 20 major states totaled 11.7 billion pounds, up 3.7% from January 1998. The following are the January to January changes for selected states: Kentucky -3.3%, Virginia -3.1%, Pennsylvania -2.6, Florida -0.9%, Texas +1.4%, Vermont +3.5%, and New York +4.7%. Milk production is increasing throughout the region. The heaviest milk volumes are reported in the Southeast with Florida shipping out 60-70 loads and not taking regular out-of-state loads. Contacts continue to report unseasonable milk volumes comparable to spring time flush levels. Low feed costs and high milk prices account for some of the excessive milk supplies. Mardi Gras in the Southeast, and school closings due to a federal holiday, and scheduled breaks in the Northeast have also affected class I milk sales. Most contacts see production continuing to increase with little hope of a halt before the actual spring time flush. Bottled milk sales are slow. Surplus milk diversions to manufacturing facilities are heavy with plants running at full capacity. The condensed skim market is steady to weak. Demand is slow with prices unchanged to lower. The cream market is steady. Demand is slow to fair as contracted volumes continue to clear. Spot prices fall within the current range. Supplies are mixed with some contacts reporting ample product available while others infer a bottom to the market as some butter makers pick up extra cream. Churning activity is heavy. Ice cream production is slow with some producers cutting back on purchases of cream as current inventories are already full. Others however, were thinking of increasing output now that butter prices are perceived to be at/near the bottom of this price cycle.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4108 - 1.6673
Delivered Equivalent Atlanta	-	1.4108 - 1.6673 M 1.4877 - 1.6160
F.O.B. Producing Plants: Upper Midwest	-	1.6031 - 1.6673

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.1500 - 1.5800
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
FEBRUARY 12 - 18, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I demand is steady to occasionally improved. A few comments have been noted that high retail bottle milk prices are not helping fluid sales. A total of 2 loads of Wisconsin milk are "direct shipped" to Missouri and pooled under a Southern milk order. Surplus milk volumes remain seasonally heavy. Reported prices range from \$1.00 under class to around flat class/MCP delivered. Plant operating schedules remain seasonally active and much above year ago levels. There continues to be concern on how some operations' patron milk receipts will be handled as milk receipts increase seasonally into spring. Milk receipts are generally slightly higher, often reflecting reported increases in herd size. The initial estimated January milk production in selected Midwestern states compared with January 1998 is: Wisconsin, 1.963 billion pounds, up 89 million pounds (4.7%); Minnesota, 823 million pounds, an increase of 35 million pounds (4.4%); Michigan, 465 million pounds, up 24 million pounds (5.4%); and Iowa, 348 million

pounds, 24 million pounds (7.4%) higher. These 4 states combined for 172 million pounds (41%) of the net 415 million pound increase reported in the January 20 States milk production estimates. Tested hay sold at auctions during the week ending February 12 for good quality (RFV 125-150) sold for \$30.00 - 87.50 per ton and fair quality (RFV 100-125) went for \$20.00 - 42.50 per ton. These price ranges are generally lower than a week ago. Weather conditions have gone from a few record highs late last week to more seasonal. Snow cover is often limited to areas with recent snows, keeping winter wheat and alfalfa vulnerable to another bout of cold temperatures.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 37.50	\$ 36.00- 40.00
REPLACEMENT HEIFER CALVES	\$175.00-230.00	\$110.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	FEB 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 41.00	\$ 36.00- 41.00

W E S T

U.S. milk production in the 20 states surveyed totaled 11.7 billion pounds in January, 3.7% higher than January 1998. December 1998 production was revised higher to 3.7% above 1997 levels. Cow numbers in January were 7.709 million head, down 19,000 (-0.2%) from a year ago. Milk per cow was 3.9% higher. January output in the five Western states surveyed compared to 1998 is: Arizona, +7.7%; California, +4.1%; Idaho, +6.7%; New Mexico, +15.3%; and Washington, +5.7%. Milk production remains strong across the Southwest. Milk volumes continue to be higher than expected for this time of year. The production percentage changes for January are skewed because of the negative effects of rains in California and of a blizzard in New Mexico in January 1998. Production plants are running nearly full and milk is being shipped in from other areas for processing. Some contacts are concerned about handling milk when milk output peaks. Others are stating that the adverse weather of last year has affected cycles and that the flush will not be as pronounced nor at the same time as the last few years. Nonetheless, processors are keeping busy with the current milk supplies, especially figuring where the best returns are for components or finished products. Cream demand is fair. Out of region shipments are mainly limited to contracts. The additional cream in the region is leading to more churning. Multiples in the 110 to 120 range are nominally quoted. Demand for cream from ice cream producers is currently light, but is expected to increase after March as production begins for summer needs. Milk production in the Northwest remains very strong. The continuing wet conditions are having little impact on current output. Some farms and dairy plants are implementing plans to deal with possible spring floods. Snow levels are approaching record levels with no signs of a change in weather patterns that would signal a dryer pattern. Some additional culling is noted as producers prepare their operations for lower spring milk prices. Feed prices remain very favorable. The hay situation is basically unchanged. Volume offerings are very heavy, but quality remains questionable. Many growers with feeder quality hay are beginning to realize that they will not be able to sell all their stocks and will have to deal with a carryover. Manufacturing plants are expecting a very heavy spring flush with the supply and demand fundamentals that are in place. Conditions are mixed in northern Utah and Idaho. Some areas have bare ground, but others have melting snow developing into muddy conditions. Milk production is increasing across the region. Fat and protein tests are seasonally strong.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 02/18/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are lower and the market tone is weak. Some producers moved NDM at the new support purchase price of \$1.01 and others have been discussing sales to CCC. Most Central producers have not offered any NDM to the government for many years and they are now looking into all the things they need to do in preparation should they decide to sell to CCC. The biggest issue seems to be getting the proper bags purchased. Current production levels are very heavy and most dryers are running at or near capacity levels. Producer stocks are more than ample to meet the slow to fair demand.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0550 MOSTLY: 1.0200 - 1.0450

DRY BUTTERMILK - CENTRAL

Prices are sharply lower and the market tone remains very weak. Producers' stocks are growing and some did move several loads at discounted prices to clear some inventory. According to some contacts, this is as weak as they have ever seen this market. Production levels are moderate to heavy and some butter makers are trying to move buttermilk as a liquid rather than dry it. Also, there is so much skim to dry that many facilities don't want to take dryer-time to process buttermilk.

BUTTERMILK: .6800 - .7550

DRY WHEY - CENTRAL

Prices and the market tone are unchanged. Contacts feel that prices have "bottomed out," but most see prices holding relatively steady at these levels. Production is heavy and expected to remain that way through the first half of the year. Producer stocks are in better balance, but still fully adequate to meet any spot needs. Demand is just fair and spot buyers are not overly aggressive. Contracted volumes are clearing satisfactorily.

NONHYGROSCOPIC: .1800 - .1950 MOSTLY: .1800 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are again unchanged on all types of animal feed whey. Demand for most types of animal feed whey remains slow. Stocks of whey for milk replacer and standard needs are often more than ample. Roller ground is in fairly decent balance with needs and delactose is fully adequate.

MILK REPLACER: .1500 - .1700
STANDARD: TFEWR
ROLLER GROUND: .1925 - .2100
DELACTOSE (Min. 20% protein): .3075 - .3375

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Production levels are moderate to heavy. Surplus milk volumes are very heavy for this time of year and most cheese operations are running at capacity levels. Lactose stocks range from well balanced to fully adequate. Spot demand is fair. Export interest is steady.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2050 MOSTLY: .1600 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged, but the market tone remains weak. Contacts note that prices are as low as they have been for quite some time, but they are not ruling out additional drops. Production is heavy and producers' stocks range from adequate to ample. Producers expect continued heavy output for the next several months as milk supplies are well above normal levels for this time of year. Demand is just fair and spot buyers are not buying too far ahead.

EXTRA GRADE 34% PROTEIN: .4700 - .5150 MOSTLY: .4800 - .5050

NONFAT DRY MILK - WEST

Nonfat dry milk prices continue to erode as offerings remain in excess of current buying interest. Offerings to the CCC continue to be used by producers to clear current, excess stocks. The government offerings are expected to be used for the foreseeable future, especially during the spring flush. Sales of condensed skim are being priced below \$1.00 and are being used to avoid drying more NDM. More NDM producers are lowering price to the support price of \$1.01. There are rumors of trades taking place under that mark. Powder stocks remain heavy. High heat prices are lower. There seems to be less interest in high heat. Offerings are available for immediate needs, but sales are slow. During the week of February 8 - 12, Western producers offered 2,218,651 pounds of NDM to the CCC under the price support program.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0400 MOSTLY: 1.0100 - 1.0200

HIGH HEAT: 1.0300 - 1.0500

DRY BUTTERMILK - WEST

Dry buttermilk prices are lower and the market tone remains weak. Additional sales continue to occur at the bottom of the range. The added pressure of trying to clear stocks means that producers are lowering asking prices. Buttermilk is available from most sources in the region and competition for sales is depressing prices. Demand is light as buyers see few reasons besides price to buy additional loads. Offerings from resellers and from other regions are plentiful. Plant stocks are heavy. Sales of condensed buttermilk are minimal, but expected to increase in the next few weeks when ice cream production is expected to begin.

BUTTERMILK: .6700 - .7350 MOSTLY: .7000 - .7200

DRY WHEY - WEST

The Western whey market varies from steady to fractionally lower. The bottom of the market has held steady for a number of weeks with no one pressuring the market lower at this time. Most sellers have whey available for sale, but they are generally comfortable with their stock levels. Domestic buyers are taking their normal account volumes. Export sales are improving slowly now that most of the holiday seasons have passed. Exporters believe that the U.S. should be in good shape in the short run for making export sales. They don't see much competitive powder available from either the EU or Oceania. Powder production is increasing seasonally.

NONHYGROSCOPIC: .1900 - .2100 MOSTLY: .1900 - .2000

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended February 12, on powder sales of 9,278,457 pounds f.o.b. California manufacturing plants was \$1.0317 per pound. This compares to 9,236,211 pounds at \$1.0380 for the previous week ending February 5, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

The market tone is weak. Prices are unchanged to lower. Abundant milk supplies encourage heavy drying schedules. Plants are running at full capacity. Powder is readily available for immediate shipment. Some plants are offering additional discounts for multiple load shipments. Supplies are ample for the limited buyer interest. Some producers are talking about offering powder to the government. Producer stocks are heavy and building. Some contacts suspect that continued increases in milk production will keep NDM production up and prices down through early summer.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.1000 MOSTLY: 1.0400 - 1.0600

HIGH HEAT: 1.0700 - 1.1600 MOSTLY: 1.0800 - 1.1100

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The market tone is weak. Prices remain unchanged to lower. Reports of prices below the bottom of the range have been noted but unconfirmed. Production is moderate to heavy with some plants opting to sell fluid instead of drying. Stocks are heavier than desired yet somewhat better in balance than last week. Some contacts are awaiting ice cream activity for better market prices. Demand is slow. Discounted prices offer little to no increases in demand. Spot interest is minimal. Churning activity is seasonally heavy.

F.O.B. NORTHEAST: .7500 - .7550

DELVD SOUTHEAST: .7100 - .7900

DRY WHOLE MILK - NATIONAL

The market tone is steady. Prices are mixed, mostly unchanged to higher. Production is steady with producers making just enough dry whole milk to meet orders. Demand is slow to fair. Some new DEIP bids have recently been accepted.

F.O.B. PRODUCING PLANT: 1.3000 - 1.7300

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH FEBRUARY 12, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	73,514	MT (162,068,963 LBS)
CHANGE	--	2,000	MT (4,409,200 LBS)
WHOLE MILK POWDER	--	4,236	MT (9,338,686 LBS)
CHEESE	--	2,997	MT (6,607,186 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	25,769	MT (56,810,337 LBS)
CHANGE	--	102	MT (224,869 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

The market tone is mostly steady. Prices are mostly unchanged to instances higher. While producers may hold a better supply/demand relationship, plenty of product is still available. Production remains heavy as excess milk supplies are consumed by cheese makers. Milk volumes are still being reported as comparable to spring time flush levels. Demand is slow to fair. Producer contracts are easily filled and spot trading is minimal. Feed demand remains slow.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1900

USPH GRADE A .1950 - .2100

DELVD SOUTHEAST: .2100 - .2250

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Some prices for milk replacer when noted are in the 15-17 cent range. Demand is slow as the livestock industry cuts back on supply. There is little to no spot interest. Production is steady.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

The market tone is generally steady. Prices are unchanged. Demand is slow to fair. Production is moderate and plant stocks are well balanced with needs. CCC invites offers under EVD-1, invitations 540, 541, and 542, to sell evaporated milk to the CCC. Shipments for April, May and June are 1,542,240, 1,468,800, and 1,395,360 pounds, respectively. Offers are due February 22.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED
MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain weak. Stocks of both rennet and acid are readily available for user needs. U.S. buyers do not foresee supply problems as the Oceania production season is winding down while Europe is about to begin. Reports are surfacing that Oceania sourced casein is being made available to domestic buyers at competitive prices. During November, 6,356,219kg of casein were imported into the United States. For the first 11 months of the year, 26,224,015kg of casein have been imported into the U.S which is 9% more than the comparable period in 1997.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9000 - 2.0500

ACID: 1.9000 - 2.0000

COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	02/02	02/03	02/04	02/05	02/08	02/09	02/10	02/11	02/12	02/15 <u>2/</u> 02/16
CSCE/NYBT - BFP -- Dollars per cwt.										
JAN 99	16.30 (229) 12	16.33 (219) 1	16.33 (219) 1							
FEB 99	11.78 (150) 17	11.80 (155) 6	11.94 (184) 50	11.80 (185) 1	11.73 (185) 2	11.68 (185) 2	11.65 (185) 16	11.60 (180) 6	11.35 (183) 4	11.18 (183) 2
MAR 99	11.75 (76) 6	11.98 (79) 5	12.08 (93) 24	12.05 (94) 2	11.95 (97) 3	12.00 (101) 5	12.06 (101) 0	12.15 (108) 7	12.10 (120) 16	11.83 (118) 5
APR 99	11.85 (150) 8	11.98 (151) 1	12.04 (152) 1	11.98 (153) 2	11.93 (154) 1	11.92 (154) 4	11.98 (154) 0	12.05 (154) 5	11.95 (162) 18	11.60 (162) 0
MAY 99	11.70 (69) 5	11.78 (72) 3	11.78 (73) 1	11.75 (73) 1	11.70 (74) 1	11.73 (74) 0	11.70 (76) 2	11.70 (76) 0	11.70 (76) 16	11.47 (79) 9
JUN 99	11.79 (56) 5	11.83 (56) 1	11.85 (56) 0	11.80 (57) 2	11.75 (57) 1	11.81 (61) 12	11.80 (61) 1	11.80 (61) 0	11.80 (81) 20	11.63 (81) 10
JUL 99	12.23 (21) 1	12.25 (22) 2	12.27 (22) 0	12.24 (22) 0	12.25 (22) 0	12.45 (23) 1	12.41 (23) 0	12.40 (24) 1	12.53 (34) 15	12.33 (35) 1
AUG 99	12.60 (29) 2	12.60 (29) 0	12.63 (29) 0	12.63 (30) 1	12.63 (30) 0	12.75 (32) 2	12.75 (32) 0	12.75 (32) 0	12.85 (38) 14	12.69 (40) 2
SEP 99	12.85 (33) 1	12.90 (42) 10	12.93 (42) 0	12.94 (43) 1	12.98 (43) 0	13.05 (45) 2	13.05 (45) 0	13.05 (48) 3	13.04 (50) 2	13.08 (56) 6
OCT 99	13.10 (35) 0	13.10 (35) 0	13.09 (35) 0	13.10 (37) 2	13.16 (38) 1	13.15 (38) 0	13.15 (38) 0	13.18 (38) 0	13.23 (39) 1	13.20 (41) 2
NOV 99	12.95 (16) 1	12.95 (16) 0	12.95 (16) 0	12.94 (17) 1	12.97 (17) 0	13.00 (18) 1	13.00 (18) 0	13.00 (18) 0	13.05 (18) 0	13.05 (18) 0
DEC 99	12.55 (9) 0	12.53 (9) 0	12.55 (9) 0	12.55 (9) 0	12.56 (9) 0	12.60 (9) 0	12.60 (9) 0	12.60 (9) 0	12.60 (9) 0	12.55 (10) 1
CME - BUTTER -- Cents per pound										
FEB 99	135.50 (43) 19	130.50 (46) 3	130.00 (51) 5	129.00 (52) 2	129.50 (52) 0	131.00 (54) 2	133.50 (51) 3	132.00 (50) 10	132.00 (46) 0	132.00 (41) 0
MAR 99	138.25 (23) 0	134.00 (24) 2	132.00 (26) 4	132.00 (29) 4	132.00 (30) 2	133.00 (32) 2	135.50 (34) 2	134.00 (36) 02	134.00 (36) 0	134.00 (36) 0
MAY 99	142.75 (2) 0	139.90 (2) 0	135.00 (2) 1	134.50 (3) 2	134.50 (3) 0	136.50 (3) 0	139.50 (6) 4	139.50 (6) 0	139.50 (6) 0	139.50 (6) 0
CME - BFP -- Dollars per cwt.										
JAN 99	16.31 (722) 86	16.32 (743) 42	16.34 (743) 42							
FEB 99	11.75 (817) 53	11.82 (847) 113	11.94 (834) 75	11.50 (850) 42	11.74 (838) 25	11.69 (839) 10	11.66 (850) 28	11.59 (906) 78	11.30 (926) 46	11.15 (924) 38
MAR 99	11.76 (619) 26	12.00 (629) 71	12.05 (616) 33	12.04 (633) 27	12.00 (639) 41	12.00 (637) 4	12.08 (636) 17	12.16 (632) 14	11.99 (644) 31	11.83 (660) 41
APR 99	11.80 (660) 68	11.97 (665) 52	12.00 (670) 56	11.94 (678) 33	11.90 (678) 28	11.90 (697) 37	11.99 (697) 17	12.07 (699) 17	11.89 (710) 20	11.58 (733) 57
MAY 99	11.68 (441) 50	11.75 (452) 22	11.75 (453) 3	11.50 (459) 12	11.70 (459) 5	11.70 (471) 17	11.71 (471) 2	11.66 (472) 6	11.60 (480) 26	11.43 (512) 67
JUN 99	11.77 (306) 11	11.82 (323) 24	11.85 (323) 0	11.83 (326) 3	11.80 (345) 19	11.80 (352) 15	11.80 (352) 0	11.80 (356) 9	11.69 (374) 25	11.56 (384) 20
JUL 99	12.20 (255) 4	12.25 (255) 6	12.25 (257) 2	12.24 (260) 3	12.25 (266) 14	12.40 (269) 10	12.40 (272) 3	12.42 (272) 6	12.35 (275) 8	12.31 (287) 23
AUG 99	12.60 (210) 14	12.62 (211) 6	12.62 (213) 2	12.62 (214) 1	12.63 (216) 7	12.75 (222) 16	12.75 (222) 0	12.75 (222) 0	12.72 (225) 4	12.70 (228) 6
SEP 99	12.90 (151) 5	12.91 (151) 0	12.91 (151) 0	12.92 (151) 0	12.95 (154) 3	13.07 (165) 15	13.04 (165) 0	13.04 (165) 4	13.04 (165) 0	13.03 (172) 10
OCT 99	13.12 (196) 4	13.12 (196) 0	13.12 (196) 0	13.12 (196) 0	13.13 (196) 0	13.15 (196) 0	13.15 (196) 1	13.15 (196) 0	13.20 (196) 1	13.20 (196) 6
NOV 99	12.95 (102) 0	12.95 (107) 5	12.95 (107) 0	12.95 (112) 5	13.00 (117) 7	13.00 (117) 10	12.97 (117) 1	12.97 (117) 0	13.02 (117) 1	13.00 (117) 2
DEC 99	12.50 (30) 1	12.52 (30) 2	12.52 (30) 0	12.52 (30) 0	12.53 (30) 0	12.54 (30) 0	12.54 (30) 0	12.54 (30) 0	12.55 (33) 3	12.52 (38) 5
CME - CHEDDAR CHEESE -- Cents per pound										
JAN 99	143.50 (4) 0	143.50 (4) 0	145.00							

1/ At the CSCE/NYBT Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract,2/ No trading held due to Presidents Day.

BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 8 - 19, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERNEUROPE: International interest remains fairly quiet although an Algerian tender for unknown quantities and products is out and rumors persist of pending Mexican interest. On February 12, the EU announced an increase in the export subsidies on whole milk and skim milk powder of approximately \$65 - 85 (US) per ton as a means of stimulating additional sales. The net effect has been a general decrease in world prices for skim and whole milk. The change may also reduce the volume of skim powder to be offered into intervention. The strong US dollar relative to other currencies is also helping to reduce reported product price ranges. Milk production remains seasonal though some areas are noting increases from low winter levels.

BUTTER/BUTTEROIL: The butter market is weak and continues to reflect the loss of the Russian market as a major buyer of dairy products. EU prices continue to be high relative to other sources. Supplies are adequate and some stocks are expected to enter the storage program in March.

82% BUTTERFAT:	1,500 - 1,700
99% BUTTERFAT:	1,890 - 2,000

SKIM MILK POWDER (SMP): The skim market continues weak and prices reflect the increased export subsidy rates. Traders are hopeful that the change in the export subsidy may stimulate new demand in the not too distant future and reduce the need for intervention storage.

1.25% BUTTERFAT:	1,260 - 1,300
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WHOLE MILK POWDER (WMP): The whole milk market is weak and prices are lower. The increase in the EU export subsidy was a welcome surprise to most exporters and makes EU origin product more competitive in the international arena. Supplies are at least adequate for needs.

26% BUTTERFAT:	1,500 - 1,600
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SWEET WHEY POWDER: The EU whey markets are steady to weak and prices are typically lower. The edible market remains quieter than the animal feed side. Stocks are at comfortably low seasonal levels.

NONHYGROSCOPIC:	500 - 600
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OVERVIEW: EASTERNEUROPE: Milk production is steady to slightly heavier. Current export interest is light and affected in some markets by increased EU subsidies on whole milk and skim milk.

OCEANIA

OVERVIEW: Continued light demand is still noted from Russia and many Far Eastern countries. Overall international interest remains light in general. The Chinese New Year and Carnival/Mardi Gras celebrations are also distractions to buyers in some markets. New Zealand is not having the best milk production year as weather conditions have been less than ideal, going from a poor spring to a dry summer. Current estimates for the current season have overall milk production in New Zealand declining 2 - 4% from year ago levels. In general, milk production in the region is toward the lower end of the milk production cycle. In Australia, the weather is hot (90's F) and muggy in Victoria, the main milk producing province. The weather is impacting current milk receipts in Australia. The EU decision to increase export duties on skim and whole milk has helped, in net effect, to lower world prices on these products.

BUTTER: The butter market is weak and prices are lower. Current interest remains fairly light. Some butter is available from New Zealand. The loss of the Russian market continues to heavily impact international demand for butterfat.

82% BUTTERFAT:	1,500 - 1,550
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CHEDDAR CHEESE: The cheddar market is about steady though rumors of weaker prices persist. The unexpectedly lower milk receipts in New Zealand caused some cheese production cutbacks which are helping to balance cheese supplies and sales.

39% MAXIMUM MOISTURE:	1,800 - 1,850
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SKIM MILK POWDER (SMP): The skim market is weak and prices are lower. Prices are reacting to the increased EU export subsidies that were announced on February 12. Spot international activity remains quiet. Current stocks are in reasonably good balance with anticipated demand.

1.25% BUTTERFAT:	1,300 - 1,350
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WHOLE MILK POWDER (WMP): Prices are lower, reflecting increased EU export subsidies and the stronger U.S. dollar. Some whole milk powder is available in the region but production is trending lower seasonally.

26% BUTTERFAT:	1,550 - 1,650
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Exchange rates for selected foreign currencies: February 16, 1999

.5084 Dutch Guilder	.5728 German Mark
.1708 French Franc	.5377 New Zealand Dollar
.1009 Mexican Peso	.6358 Australian Dollar
1.6342 British Pound	.0084 Japanese Yen
.2614 Polish Zloty	1.1203 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1009) = 9.9108. That is 1 US Dollar equals 9.9108 Mexican Pesos.

Source: Wall Street Journal

JANUARY MILK PRODUCTION

Milk production in the 20 major States during January totaled 11.7 billion pounds, 3.7 percent above production in these same States in January 1998. December revised production, at 11.5 billion pounds was 3.7 percent above December 1997.

Production per cow in the 20 major States averaged 1,523 pounds for January, 57 pounds above January 1998.

The number of cows on farms in the 20 major States was 7.71 million head, down 19,000 head from January 1998 but up 1,000 from December 1998.

JANUARY 1999 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1998	1999	1998	1999	1998	1999	% CHANGE FROM 1998
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	130	132	1,800	1,910	234	252	7.7
CA	1,402	1,442	1,670	1,690	2,341	2,437	4.1
FL	160	158	1,375	1,380	220	218	-0.9
ID	283	302	1,640	1,640	464	495	6.7
IL	130	125	1,400	1,430	182	179	-1.6
IN	135	137	1,370	1,380	185	189	2.2
IA	225	230	1,440	1,515	324	348	7.4
KY	145	135	1,035	1,075	150	145	-3.3
MI	298	301	1,480	1,545	441	465	5.4
MN	555	545	1,420	1,510	788	823	4.4
MO	175	165	1,155	1,240	202	205	1.5
NM	216	218	1,510	1,725	326	376	15.3
NY	700	702	1,380	1,440	966	1,011	4.7
OH	265	260	1,430	1,440	379	374	-1.3
PA	625	617	1,495	1,475	934	910	-2.6
TX	368	340	1,340	1,470	493	500	1.4
VT	163	162	1,385	1,445	226	234	3.5
VA	125	122	1,295	1,285	162	157	-3.1
WA	250	248	1,745	1,860	436	461	5.7
WI	1,378	1,368	1,360	1,435	1,874	1,963	4.7
20 STATE TOTAL	7,728	7,709	1,466	1,523	11,327	11,742	3.7

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (2-99), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

DECEMBER FLUID MILK SALES HIGHLIGHTS

During December, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.8 percent above the previous year and 0.1 percent below November 1998 on an adjusted daily average basis. Sales of whole milk items were 1.4 percent above the previous year; sales of fat-reduced milk items were 0.3 percent above the previous year. Total fluid milk sales were higher in the Midwest, Southwest, and Far West, and lower in the Northeast and Southeastern regions. For all of 1998, total fluid milk sales were 0.4 percent below 1997. For the year, total sales were higher in the Southwest, unchanged in the Midwest, and lower in all other regions.

**SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, FAT-REDUCED MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER
MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, DECEMBER 1998, WITH COMPARISONS 1/**

Region 4/	Whole Milk Items 2/				Fat-reduced Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Dec	Year to date	Prev. year 5/	Year to date 5/	Dec	Year to date	Prev. year 5/	Year to date 5/	Dec	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	358	4,077	-1.9	-2.1	475	5,435	0	-0.1	833	9,512	-0.7	-1.0
Southeastern	349	3,998	1.5	-1.0	439	5,254	-2.4	0.1	788	9,252	-0.7	-0.4
Midwest	279	3,159	1.5	1.3	968	11,170	0.6	-0.4	1,247	14,329	1.0	0
Southwest	176	2,025	5.8	0.9	205	2,462	3.8	0.6	381	4,487	4.8	0.7
Far West	350	4,002	2.5	-0.6	693	8,076	1.0	-1.1	1,043	12,078	1.6	-0.9
All Areas Combined	1,512	17,261	1.4	-0.5	2,780	32,397	0.3	-0.4	4,292	49,658	0.8	-0.4

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 90 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk items include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 65, report #12. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

**PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN
ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, NOVEMBER 1998,
WITH COMPARISONS 1/**

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil. lbs.	Percent	
Whole Milk 2/	1,408	-0.9	-0.7
Reduced Fat Milk (2%)	1,285	-1.9	-2.4
Low Fat Milk (1%) 3/	651	3.2	2.5
Fat-Free Milk (Skim)	683	-0.6	0.7
Buttermilk	51	-1.2	-1.8
Total Fluid Milk Products 4/	4,092	-0.6	-0.5

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Tennessee Valley market, which was terminated October 1, 1997, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk.

4/ Includes miscellaneous products.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR JANUARY 1999. During January, about 9.7 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in January 1999 and 1998, the following comparisons involving producer deliveries have been estimated.) Producer deliveries were about 2.1 percent more than January 1998, and about 2.2 percent more than December 1998 on a daily average basis. Milk utilized in Class I products in January was 0.9 percent more than last year on an adjusted basis. Class I use this year represented 40 percent of producer milk deliveries compared to 42 percent in January 1998. The average blend price was \$17.48 per cwt., \$3.22 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$3.88; Class II, up \$3.88; Class III, up \$3.02; and Class III-A, up \$1.10.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JANUARY 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	502.5	1.7	230.5	-2.0	46	48	18.01	14.74	13.7
New York/New Jersey (NY City)	2	987.7	-2.4	410.7	-1.6	42	41	18.12	14.67	13.7
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	551.0	3.7	219.0	-5.2	40	43	17.23	14.27	---
NORTHEAST REGION		2,041.2	0.2	860.2	-2.6	42	43	17.85	14.58	13.7
Carolina (Charlotte)	5	269.2	7.4	206.8	0.3	77	82	19.11	15.56	13.7
Southeast (Atlanta/Birmingham)	7	521.4	-5.5	400.6	-5.8	77	77	19.07	15.46	13.7
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 <u>4/</u>	260.4	-4.2	224.3	-4.6	86	86	20.08	16.26	13.7
SOUTHEASTERN REGION		1,051.0	-2.2	831.7	-4.0	79	81	19.33	15.69	13.7
Michigan Upper Peninsula (Marquette)	44	5.5	-5.8	4.3	-2.4	79	76	17.78	14.04	13.7
Southern Michigan (Detroit)	40*	375.1	5.5	177.5	1.1	47	49	17.23	13.87	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	289.5	-0.4	158.5	5.4	55	52	17.71	14.14	---
Ohio Valley (Columbus)	33	257.9	-2.8	139.2	-3.9	54	55	17.86	14.22	---
Indiana (Indianapolis)	49	171.9	0.3	104.5	-5.7	61	65	17.77	14.33	---
Chicago Regional	30*	1,348.5	17.5	232.9	3.7	17	20	16.77	13.62	---
Central Illinois (Peoria)	50	19.1	20.0	14.2	11.6	74	80	17.94	14.39	13.7
S. Illinois-E. Missouri (Alton)	32	144.7	-8.3	81.7	-10.1	56	58	17.94	14.31	13.7
Louisville-Lexington-Evansville	46	113.9	-7.0	91.3	-3.4	80	77	18.37	14.65	13.7
Upper Midwest (Minneapolis)	68*	1,017.6	9.7	138.7	-2.2	14	15	16.50	13.41	---
Iowa (Des Moines)	79*	337.8	2.1	89.3	0.2	26	27	16.66	13.64	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	161.4	11.0	50.8	-3.7	31	36	16.28	13.54	---
Greater Kansas City/E. S. Dakota	64 <u>5/ 6/</u>	51.5	11.7	---	---	---	---	18.53	14.76	13.7
MIDWEST REGION	<u>7/</u>	4,242.8	7.8	1,282.9	-0.7	30	33	16.98	13.76	13.7

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JANUARY 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	256.7	-3.5	129.5	-2.1	50	50	18.15	14.68	13.7
Texas (Dallas)	126	586.6	19.5	282.3	0.1	48	57	18.03	14.97	13.7
SOUTHWEST REGION		843.3	11.4	411.8	-0.6	49	55	18.07	14.87	13.7
E. Colorado/W. Colorado (Denver)	137 <u>6/</u>	148.5	-3.0	71.2	0.7	48	46	17.91	14.43	13.7
SW. Idaho/E. Oregon (Boise)	135*	151.0	35.2	15.4	-1.8	10	14	16.31	13.43	---
Great Basin (Salt Lake City)	139	186.0	-5.7	76.7	1.2	41	38	17.44	13.97	---
Central Arizona (Phoenix)	131	241.4	6.5	86.2	-2.8	36	39	16.76	13.90	13.7
New Mexico-West Texas (Albuquerque)	138	166.7	-20.8	54.6	-2.2	33	27	16.68	13.68	13.7
Pacific Northwest (Seattle/Portland)	124	569.5	5.3	175.7	-4.4	31	34	16.22	13.49	---
FAR WEST REGION		1,463.2	1.6	479.9	-2.2	33	34	16.70	13.74	13.7
ALL-MKT. AVERAGE OR TOTAL		9,692.9*	4.3*	3,866.5	-2.0	40	42	17.48	14.26	13.7
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		2,041.2	0.2	860.2	-2.6	42	43			
Southeastern Region	<u>4/</u>	1,051.0	-2.2	831.7	-4.0	79	81			
Midwest Region	<u>4/</u>	4,242.8*	7.8*	1,282.9	-0.7	30	33			
Southwest Region		843.3	11.4	411.8	-0.6	49	55			
Far West Region		1,463.2*	1.6*	479.9	-2.2	33	34			
ALL MARKET AVERAGE OR TOTAL	<u>5/ 7/</u>	9,692.9*	4.3*	3,866.5	-2.0	40	42	17.48	14.26	---

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 290 million and 480 million pounds of milk in January 1999 and 1998, respectively, that normally would have been pooled under these orders. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: Midwest region +2.8, Far West region +1.2, and all market average +2.1. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$18.70. (4.0 minus 3.5 equals .5; 5 times \$.137 equals \$0.685; \$18.01 plus \$0.685 equals \$18.695.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1999, \$20.05; 1998, \$16.33; and Southeastern Florida: 1999, \$20.56; and 1998, \$16.81. 5/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted. 6/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1999, \$17.05; 1998, \$13.75 and Western Colorado: 1999, \$18.53; 1998, \$14.64. 7/ Data for Greater Kansas City/Eastern South Dakota are excluded; some of the data during this period could not be released without revealing individual business operations. See 5/.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF FEBRUARY 15 - 19, 1999				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
TOTAL		CONTRACT	ADJUSTED	SINCE		SAME PERIOD		PERIOD ENDING		SAME PERIOD	
PURCHASES	ADJUSTMENTS		PURCHASES	10/01/98	LAST YEAR			02/12/99	LAST YEAR		
BUTTER											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE											
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK											
Nonfortified	1,922,416	99,145	1,823,271	5,970,499	30,564,263			-0-		-0-	
Fortified	-0-	-0-	-0-	-0-	-0-			-0-		-0-	
TOTAL	1,922,416	99,145	1,823,271	5,970,499	30,564,263			-0-		-0-	

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF FEBRUARY 15 - 19, 1999 =	0.4	21.2	COMPARABLE WEEK IN 1998 =	0.5	24.4
CUMULATIVE SINCE OCTOBER 1, 1998 =	1.3	69.5	CUMULATIVE SAME PERIOD LAST YEAR =	6.7	355.8
CUMULATIVE JANUARY 1 - FEBRUARY 19, 1999 =	1.3	68.3	COMPARABLE CALENDAR YEAR 1998 =	5.0	264.4

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL									
BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT			
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
WEST	-0-	-0-	-0-	-0-	5,970,499	30,454,088	100.0	99.6	99.6
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0	0.4	0.4
TOTAL	-0-	-0-	-0-	-0-	5,970,499	30,564,263	100.0	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800
CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925
NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/30/99 & Comparable Week 1998 1/ 2/																												
Regions*										U.S. TOTAL : % DAIRY OF ALL																		
	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:	WEEK :SINCE JAN 1:	WEEK : SINCE JAN 1					
1999-Dairy cows HD (000)	:	0.2	:	1.1	:	7.1	:	5.6	:	21.4	:	2.3	:	2.7	:	0.7	:	9.8	:	3.3	:	54.3	:	262.4	:	48.2	:	45.8
1998-Dairy cows HD (000)	:	0.3	:	1.7	:	7.0	:	6.2	:	23.3	:	3.5	:	3.3	:	0.6	:	12.3	:	3.2	:	61.5	:	302.6	:	48.8	:	48.1
1999-All cows HD (000)	:	0.2	:	1.2	:	9.7	:	16.1	:	30.0	:	15.6	:	16.9	:	4.0	:	11.4	:	7.5	:	112.6	:	573.4	:		:	
1998-All cows HD (000)	:	0.3	:	1.8	:	9.4	:	16.5	:	34.0	:	18.1	:	19.6	:	5.2	:	14.1	:	7.1	:	126.0	:	629.4	:		:	

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS 2/11

	APRIL DELIVERY	MAY DELIVERY	MAY/JUNE DELIVERY
PROCESS			
PROCESS	1,900,800	1,504,800	1,029,600
MOZZARELLA			
LMPS	604,800	120,960	1,088,640
CHEDDAR			
BARRELS	80,000		

OFFERS ARE DUE FEBRUARY 22. PUBLIC RELEASE IS SCHEDULED FOR 4:00 P.M. FEBRUARY 25.

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 38,756,911

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
16.27												

1999